



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 5, 2016

S. 2319

A bill to amend the Communications Act of 1934

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on December 9, 2015*

S. 2319 would amend current law to require that certain payments related to auctions held by the Federal Communications Commission the (FCC) be deposited in the Treasury. Under current law, the proceeds from the FCC's auctions of licenses to use the electromagnetic spectrum are deposited in different types of financial institutions depending on the phase of the auction process. Most of the offsetting receipts from those auctions are already deposited directly in the Treasury. However, the amounts paid before the start of an auction, which are known as upfront payments, must initially be deposited in an interest-bearing account at a designated financial institution. The FCC currently requires upfront payments to be deposited in the agency's account at the Federal Reserve Bank of New York. After the auction closes, the upfront payments for winning bids are transmitted to the Treasury and the remainder is refunded to the unsuccessful bidders. Fees charged by banks for those transactions are deducted from auction receipts.

Pay-as-you-go procedures apply because enacting S. 2319 would reduce direct spending. Eliminating transaction fees, which are paid by the federal government from auction receipts, would increase net offsetting receipts. (Offsetting receipts are considered to be reductions in direct spending.) However, based on financial information from the FCC, CBO estimates that the transaction fees charged by the Federal Reserve Bank are negligible; therefore, any increase in auction proceeds stemming from enacting the bill also would be negligible. Enacting the bill would not affect revenues.

CBO estimates that enacting S. 2319 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

S. 2319 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Kathleen Gramp. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.